

AUTHORIZATION TO OBTAIN A \$20 MILLION LINE OF CREDIT FROM THE FEDERAL HOME LOAN BANK OF CHICAGO TO SUPPORT THE CHA UNIT ACQUISITION PROGRAM AT AN INTEREST RATE NOT-TO-EXCEED 1.5% FOR A PERIOD NOT TO EXCEED 36 MONTHS WITH HUD APPROVAL REQUIRED TO PLEDGE COLLATERAL SOURCED WITH FEDERAL CASH OR SECURITIES OBTAINED WITH FEDERAL FUNDS.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer (“CEO”) or his designee authority to obtain a Line of Credit from the Federal Home Loan Bank (“FHLB”) of Chicago. The Line of Credit borrowing is not to exceed \$20 million or a term of 36 months. The interest rate is not to exceed 1.5%. Funds will be borrowed or line accessed only when needed for purchases or rehabilitation of properties as identified by CHA plan of Unit Acquisition Program. HUD approval will be obtained prior to pledging collateral sourced with Federal cash or sourced with securities obtained with Federal funds.

The Executive Vice President (“EVP”) of Finance, the Treasury Department and the Office of the General Counsel have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

The proposed FHLB Line of Credit supports Plan Forward by developing vibrant communities as it provides financing for the CHA Unit Acquisition Program.

FUNDING: CHA Non Federal/Federal cash/ securities pledged as collateral in an amount not to exceed \$25 million plus expenses.

GENERAL BACKGROUND

In 2006, the CHA was made a Housing Associate Member of the Chicago Home Loan Bank of Chicago. The FHLB is a \$66 billion wholesale bank chartered by the US Congress to improve capital availability for housing in the financial markets.

The FHLB relationship affords the CHA access to an array of products and services. This is the first time we have used any FHLB loan products.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation to enter into an approval for the Line of Credit from FHLB to support CHA Unit Acquisition Program.

The CEO/President recommends the approval to the Board of Commissioners

RESOLUTION NO. 2013-CHA-44

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated June 12, 2013 entitled "AUTHORIZATION TO OBTAIN A \$20 MILLION LINE OF CREDIT FROM THE FEDERAL HOME LOAN BANK OF CHICAGO TO SUPPORT THE CHA UNIT ACQUISITION PROGRAM AT AN INTERST RATE NOT-TO-EXCEED 1.5% FOR A PERIOD NOT TO EXCEED 36 MONTHS"; WITH HUD APPROVAL REQUIRED TO PLEDGE COLLATERAL SOURCED WITH FEDERAL CASH OR SOURCED WITH SECURITIES OBTAINED WITH FEDERAL FUNDS";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT The Board of Commissioners authorizes the Chief Executive Officer or his designee to 1). obtain from the Federal Home Loan Bank of Chicago a \$20 Million Line of Credit, at an interest rate not-to-exceed 1.5%, for a period not to exceed 36- months, with HUD approval required to pledge collateral sourced with Federal cash or sourced with securities obtained with Federal funds; 2). execute in substantially the forms attached the following documents: Federal Home Loan Bank of Chicago Advances, Collateral Pledge, and Security Agreement (Attachment 1); EBanking Corporate Certificate of Authority and Certificate of Incumbency (Attachment 2) Federal Home Loan Bank of Chicago Safekeeping Agreement (Attachment 3) and Federal Home Loan Bank of Chicago Master Transactions Agreement (Attachment 4); and 3). execute all other documents as may be necessary or appropriate to implement the foregoing.

The Line of Credit will be used to support the CHA Unit Acquisition Program.



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